

BUSINESS MEETING  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of:                     )  
  )  
Business Meeting                     )  
  )  
\_\_\_\_\_                              )

CALIFORNIA ENERGY COMMISSION  
HEARING ROOM A  
1516 NINTH STREET  
SACRAMENTO, CALIFORNIA

WEDNESDAY, SEPTEMBER 8, 2004  
10:08 A.M.

Reported by:  
Peter Petty  
Contract No. 150-04-001

PETERS SHORTHAND REPORTING CORPORATION   (916) 362-2345

COMMISSIONERS PRESENT

William J. Keese, Chairman

Arthur Rosenfeld

James D. Boyd

John L. Geesman

Jackalyne Pfannenstiel

STAFF and CONSULTANTS PRESENT

Robert Therkelsen, Executive Director

William Chamberlain, Chief Counsel

Shahid Chaudhry

Jack Caswell

Nancy Tronaas

Alec Jenkins

Randy Roesser

PUBLIC ADVISER

Nicholas Bartsch

ALSO PRESENT

Robert Sarvey (via teleconference)  
representing Californians for Renewable Energy

## I N D E X

	Page
Proceedings	1
Items	1
1 Consent Calendar	1
2 Lawrence Berkeley National Laboratory	1
3 Delta Energy Center	3
4 Los Medanos Energy Center	7
5 Mountainview Power Project	8
6 Trustees of the California State University (CSU)	10
7 Department of Finance	16
8 Minutes	17
9 Commission Committee and Oversight	17
10 Chief Counsel's Report	28
11 Executive Director's Report	28
12 Legislative Director's Report	30
13 Public Adviser's Report	32
14 Public Comment	23
Robert Sarvey, representing Californians for Renewable Energy	23
Adjournment	33
Certificate of Reporter	34

## P R O C E E D I N G S

10:08 a.m.

CHAIRMAN KEESE: We'll call this meeting of the Energy Commission to order. We'll recite the Pledge.

(Whereupon the Pledge of Allegiance was recited in unison.)

CHAIRMAN KEESE: Good morning. We have the consent calendar. Do I have a motion?

COMMISSIONER GEESMAN: So moved.

CHAIRMAN KEESE: Motion, Geesman.

COMMISSIONER PFANNENSTIEL: Second.

CHAIRMAN KEESE: Second, Pfannenstiel.

All in favor?

(Ayes.)

CHAIRMAN KEESE: Opposed? Adopted five to nothing.

Item 1, Lawrence Berkeley National Laboratory. Possible approval of work authorization MR-033 with the University of California not to exceed \$254,000 under PIER. Good morning.

MR. CHAUDHRY: Good morning. My name is Shahid Chaudhry with the Public Programs Office. I'm here for your possible approval of \$254,000

1 for the Lawrence Berkeley Lab.

2 Under this contract Lawrence Berkeley  
3 Lab will demonstrate that the arsenic removal  
4 medium they have developed will reduce the cost of  
5 arsenic removal and will be very energy efficient.

6 And let me give you some background.  
7 Right now the arsenic limit in drinking water  
8 supplies is about 50 parts per billion. Starting  
9 from January 2006 this limit will be reduced to 10  
10 parts per billion. And as a result there are  
11 about 630,000 Californian which will be affected  
12 from this rule.

13 Under this process, LBL has developed  
14 the cost of removing arsenic from 50 parts per  
15 billion to 10 parts per billion will be reduced  
16 from about \$60 per family per year to \$1 per  
17 family per year, number one. And if we assume  
18 that there will be a large supply for these  
19 630,000 people that comes to about 160 million  
20 gallons a day.

21 And using this technology and this  
22 treatment method there will be an energy savings  
23 of about 11,000 kilowatt hours per day, which  
24 translates into 4 million kilowatt hours per year.  
25 At a cost of 10 cents per kilowatt hour, the cost

1 savings only from energy will be close to \$400,000  
2 a year.

3 Staff has reviewed the calculations and  
4 information provided by LBL and strongly supports  
5 their request.

6 CHAIRMAN KEESE: Thank you. Any  
7 questions?

8 COMMISSIONER ROSENFELD: I think it's a  
9 marvelous piece of technology. I move the item.

10 CHAIRMAN KEESE: Motion, Rosenfeld.

11 COMMISSIONER GEESMAN: Second.

12 CHAIRMAN KEESE: Second, Geesman.

13 All in favor?

14 (Ayes.)

15 CHAIRMAN KEESE: Opposed? Adopted five  
16 to nothing.

17 Item 3, Delta Energy Center. Possible  
18 approval of the petition by Calpine Corporation to  
19 modify the maximum hourly NOx, POC and CO emission  
20 limits associated with cold turbine startups at  
21 the Delta Energy Center. Good morning.

22 MR. CASWELL: Good morning. I'm Jack  
23 Caswell, Compliance Project Manager.

24 In March 2003 the Delta Energy Center  
25 run by Calpine filed a petition to amend the

1 various AQ, air quality conditions of  
2 certification.

3 The Delta Energy Center is an 880  
4 megawatt, natural gas-fired, combined cycle power  
5 plant located in Pittsburg in Contra Costa County.  
6 The project was certified by the Commission in  
7 February 2000 and began commercial operation in  
8 June 2002.

9 The Delta Energy Center has been unable  
10 to comply with the hourly NOx, CO and POC emission  
11 limits during cold turbine startups and during  
12 tuning periods.

13 The proposed amendment modification will  
14 change the method of calculating the limit on  
15 those emissions during that startup and tuning  
16 period from a one-hour to a six-hour limit, and  
17 increase the emission limits during those periods.

18 The daily and annual emission limits for  
19 this project will not change. The proposed  
20 amendment will allow an operational flexibility  
21 that is needed for the turbines during these time  
22 periods.

23 As part of the amendment process staff  
24 held discussions with Delta Energy Center  
25 representatives and the Bay Area Air Pollution

1 Control District, and we're in agreement with the  
2 suggested changes to the emission calculation  
3 hourly limits.

4 The Air District intends to make the  
5 appropriate changes to the Delta Energy Center air  
6 permit providing this amendment is allowed.

7 Staff published an analysis of the  
8 petition in April 2004. Comments were received on  
9 that analysis from CARE. Staff held additional  
10 meetings with Calpine and the Air District to  
11 discuss the concerns of CARE on August 2, 2004.

12 And we published a revised analysis and  
13 also a notice of intent to proceed to this  
14 business meeting.

15 Staff held one additional meeting with  
16 CARE to discuss the revised analysis and discuss  
17 any additional concerns CARE may have, and there  
18 were none.

19 Staff believes that the proposed  
20 language in the amendment retains the intent of  
21 the original Commission decision and conditions of  
22 certification, and meets the filing criteria for  
23 section 1769 and the required findings for 1769(a)  
24 can be made.

25 And we recommend the Commission approve



1 the Calpine petition.

2 CHAIRMAN KEESE: Thank you, Mr. Caswell.

3 I have two questions. Number one, the emissions  
4 will be offset?

5 MR. CASWELL: They are currently offset.

6 CHAIRMAN KEESE: And secondly, this is  
7 in the nature of appropriate conditions in the  
8 future because of the characteristics of this  
9 turbine?

10 MR. CASWELL: Correct.

11 CHAIRMAN KEESE: Is that --

12 MR. CASWELL: Correct. The --

13 CHAIRMAN KEESE: And this is not the  
14 first one of these we've seen?

15 MR. CASWELL: No, it isn't, and probably  
16 won't be the last.

17 CHAIRMAN KEESE: Okay, thank you.  
18 Commissioner Geesman.

19 COMMISSIONER GEESMAN: The matter was  
20 considered by the Siting Committee. I would  
21 recommend approval.

22 CHAIRMAN KEESE: Motion, Commissioner  
23 Geesman.

24 COMMISSIONER BOYD: I would second that.  
25 I'd just elaborate that the question you pursued

1 we pursued with the staff with regard to the  
2 future precedent, and we'll see more of these as  
3 we learn, so.

4 CHAIRMAN KEESE: Thank you. That was a  
5 second by Commissioner Boyd. Any public comment?

6 All in favor?

7 (Ayes.)

8 CHAIRMAN KEESE: Opposed? Adopted five  
9 to nothing.

10 Item 4, Los Medanos Energy Center.  
11 Possible approval of the petition to modify the  
12 maximum hourly NOx emission limits associated with  
13 cold turbine startups. Is this --

14 MR. CASWELL: This is a very similar  
15 situation. Slightly different on the request for  
16 the amendment for the air quality conditions of  
17 certification due to the types of turbine and  
18 plant configuration.

19 I'll give you my --

20 CHAIRMAN KEESE: Thank you, Mr. Caswell.

21 MR. CASWELL: Okay.

22 COMMISSIONER GEESMAN: Mr. Chairman.

23 CHAIRMAN KEESE: Commissioner Geesman.

24 COMMISSIONER GEESMAN: The matter was  
25 considered by the Siting Committee. I would move

1 approval.

2 CHAIRMAN KEESE: Motion, Geesman.

3 COMMISSIONER BOYD: Second.

4 CHAIRMAN KEESE: Second, Boyd. Public  
5 comment?

6 All in favor?

7 (Ayes.)

8 CHAIRMAN KEESE: Opposed? Adopted five  
9 to nothing. Thank you.

10 Item 5, Mountainview Power Project.  
11 Petition from Mountainview Power Company to change  
12 the emergency fire pump model, allow flexibility  
13 in commissioning and tuning emissions and reflect  
14 South Coast Air Quality Management District  
15 changes in the air quality conditions. Good  
16 morning.

17 MS. TRONAAS: Good morning. I'm Nancy  
18 Tronaas, standing in for Donna Stone, Compliance  
19 Project Manager for this project.

20 This petition will allow the  
21 Mountainview Power project to increase the  
22 emission limits and timeframes to allow for  
23 flexibility during commissioning, turbine tuning  
24 and startup phases.

25 Also there will be a change in the

1 emergency fire pump, and also revisions to the air  
2 quality conditions of certification for  
3 consistency with the Air District's permit.

4 Commission Staff has analyzed these  
5 proposed changes, and we've determined the  
6 required findings of section 1769 can be made.  
7 There will be no unmitigated environmental effects  
8 with the implementation of the recommended  
9 revisions to the air quality conditions of  
10 certification. No public comments were received.

11 And we recommend approval. Our  
12 technical staff and the project owner are here to  
13 answer any questions you may have.

14 CHAIRMAN KEESE: Thank you, Ms. Tronaas.

15 COMMISSIONER GEESMAN: Mr. Chairman.

16 CHAIRMAN KEESE: Commissioner Geesman.

17 COMMISSIONER GEESMAN: The matter was  
18 considered by the Siting Committee. I would move  
19 approval.

20 COMMISSIONER BOYD: Second.

21 CHAIRMAN KEESE: Motion, Geesman;  
22 second, Boyd. Public comment?

23 All in favor?

24 (Ayes.)

25 CHAIRMAN KEESE: Opposed? Adopted five

1 to nothing. Thank you.

2 Item 6, Trustees of the California State  
3 University. Possible approval of ten grant  
4 applications totaling a different number than you  
5 see there to the Energy Innovations Small Grant  
6 Program. Mr. Jenkins will do a little editing.

7 MR. JENKINS: Good morning, Chairman  
8 Keese and Commissioners.

9 First, a housekeeping item. The agenda  
10 for agenda item 6, the sub-item --

11 CHAIRMAN KEESE: I believe (g) should be  
12 75,000.

13 MR. JENKINS: Yes, it should be. Sub-  
14 item (g) should be \$74,596, 74,596.

15 CHAIRMAN KEESE: Thank you. And would  
16 you --

17 MR. JENKINS: Yes, I do have --

18 CHAIRMAN KEESE: -- comment on items --

19 MR. JENKINS: I'd like to comment --

20 COMMISSIONER GEESMAN: (c) and (j)?

21 MR. JENKINS: -- on the items. First of  
22 all, an overview. The program has reached a new  
23 milestone. We were getting 11 times the amount in  
24 follow-on funding to the amount of grant awards  
25 to completed projects. That number has now gone

1 to 12 times.

2 And the latest of these examples is a  
3 tiny firm in Palo Alto that the Commission  
4 approved a grant to 18 months ago called NanoSolar  
5 Technology. It competed for a DARPA award and won  
6 the largest award of \$10.3 million. And that's  
7 helped push us from 11 to 12 times the amount of  
8 funding.

9 The items before you consist of four  
10 renewable and three building end-use, two energy  
11 storage and one agricultural waste purification  
12 research project.

13 I want to note briefly that in briefing  
14 Commissioners, Commissioner Pfannenstiel noted  
15 similarities between two projects having to do  
16 with the lighting. They are item (c) in the  
17 agenda, efficient lighting by sensing and  
18 actuating with MEMs "Smart Dust Motes"; and the  
19 project 03-03-31 listed as (j) in the agenda  
20 entitled, development of a wireless lighting  
21 control network.

22 These two projects are proposed by  
23 different lighting technology programs at UC  
24 Berkeley. Both projects propose network control  
25 of lighting suitable for retrofit installation in

1 commercial spaces using wireless communication  
2 between the nodes.

3 However, the first project, 03-03-01,  
4 uses an intelligent learning network approach  
5 based on artificial intelligence concepts. And  
6 its principal focus is to demonstrate the efficacy  
7 of a learning network in lighting control.

8 The other project, 03-03-31, uses a  
9 simpler network control technology and focuses on  
10 low-cost retrofit. It is the lower risk project.

11 While the differences of the two  
12 projects are notable, their retrofitting energy  
13 savings objectives are very similar. So there are  
14 synergistic possibilities here. And made more  
15 accessible by the co-location of the projects at  
16 UC Berkeley.

17 The program administration and I propose  
18 an addition to the resolution for Commission  
19 consideration and adoption of these ten projects,  
20 to take advantage of the project similarities  
21 noted during the conversation with Commissioner  
22 Pfannenstiel.

23 So what I'd like to do is to note that  
24 language for the record. Right now the resolution  
25 reads -- will be kept as it reads up through the

1 second line saying: The notice of proposed grant  
2 award cycle 03-03" strike the word "and" and  
3 insert "subject to the following condition:"

4 And there is a paragraph insert at that  
5 point which reads as follows: Awards to the grant  
6 applications 03-03-01, University of California  
7 Berkeley, and 03-03-31, University of California  
8 Berkeley are contingent on the applicants  
9 developing a collaborative defining research plans  
10 designed to make the results of both projects more  
11 valuable than would be possible with either  
12 project alone. In the event that a collaborative  
13 is not developed to the satisfaction of the R&D  
14 Committee, no award will be executed to the grant  
15 application 03-03-31, University of California  
16 Berkeley."

17 Then the original paragraph picks up  
18 with a new sentence, beginning a new sentence:  
19 The Energy Commission hereby directs the program  
20 administrator" et cetera, et cetera.

21 So that's the change I propose in the  
22 resolution to get the synergistic effect of these  
23 two projects.

24 With those notations I would like to say  
25 that we have good projects here, and that I would



1 like to see them funded.

2 CHAIRMAN KEESE: Thank you. How many  
3 projects were submitted?

4 MR. JENKINS: About 60. We --

5 CHAIRMAN KEESE: And you've brought ten  
6 of them to us?

7 MR. JENKINS: Um-hum.

8 COMMISSIONER ROSENFELD: Well, ten is  
9 what we have money for, by tradition.

10 CHAIRMAN KEESE: Thank you.

11 COMMISSIONER ROSENFELD: The Committee  
12 has looked at these projects and Commissioner  
13 Pfannenstiel has raised good questions. And I  
14 move item 6.

15 CHAIRMAN KEESE: As amended.

16 COMMISSIONER ROSENFELD: As amended.

17 COMMISSIONER GEESMAN: I'll second --

18 CHAIRMAN KEESE: Motion, Rosenfeld;  
19 second, Geesman.

20 COMMISSIONER GEESMAN: I'll second it.  
21 I'd like to say, though, that I think this is one  
22 of the best things we do in the PIER program. And  
23 I would strongly encourage the staff to consider  
24 the applicability of this model as we take up the  
25 question of natural gas R&D.

1           We have tapped into some of the talent  
2           for innovation and experimentation that is  
3           representative in the California research  
4           community. And I think we could benefit from a  
5           similar effort in natural gas.

6           COMMISSIONER ROSENFELD: Commissioner  
7           Geesman --

8           MR. JENKINS: Commissioner, 85 percent  
9           of the follow-on funding occurs in California.

10          COMMISSIONER ROSENFELD: Commissioner  
11          Geesman, I just came from a planning meeting for  
12          national gas R&D, and you will be happy to know  
13          that that's high on our list.

14          COMMISSIONER GEESMAN: Good.

15          COMMISSIONER ROSENFELD: Thank you.

16          CHAIRMAN KEESE: Thank you. We have a  
17          motion and a second. Any public comment? Comment  
18          from the Commission?

19          All in favor?

20          (Ayes.)

21          CHAIRMAN KEESE: Opposed? Adopted five  
22          to nothing.

23          COMMISSIONER BOYD: But I sure had to  
24          read about "Dust Motes" for awhile --

25          (Laughter.)

1           CHAIRMAN KEESE:  Item 7, Department of  
2   Finance, Office of State Audits and Evaluation.  
3   Possible approval of contract 200-04-004 for  
4   \$360,000 for three years to perform independent  
5   audits of the Renewable Resources Trust Account  
6   pursuant to Senate Bill No. 90.  A tithing, sir?

7           MR. ROESSER:  Good morning.  Well,  
8   actually it is for services rendered.  An annual  
9   audit is required of the Renewables Trust Fund for  
10  a report to the Legislature due no later than  
11  March 1st of each year.  So it's a standard three-  
12  year contract that we bring before you.

13          CHAIRMAN KEESE:  Thank you.

14          COMMISSIONER GEESMAN:  I'd move the  
15  item.

16          CHAIRMAN KEESE:  Motion, Geesman.

17          COMMISSIONER ROSENFELD:  Second.

18          COMMISSIONER BOYD:  Second.

19          CHAIRMAN KEESE:  Second, Rosenfeld.

20          All in favor?

21          (Ayes.)

22          CHAIRMAN KEESE:  Opposed?  Adopted five  
23  to nothing.

24          MR. ROESSER:  Thank you.

25          COMMISSIONER ROSENFELD:  It's not a

1 tithing; it's a little under 1 percent.

2 (Laughter.)

3 CHAIRMAN KEESE: Minutes. We have the  
4 approval of the minutes from the August 25, 2004  
5 business meeting.

6 COMMISSIONER BOYD: Move approval.

7 CHAIRMAN KEESE: Motion, Boyd.

8 COMMISSIONER PFANNENSTIEL: Second.

9 CHAIRMAN KEESE: Second, Pfannenstiel.

10 All in favor?

11 (Ayes.)

12 CHAIRMAN KEESE: Opposed? Adopted five  
13 to nothing.

14 Commission Committee and Oversight.

15 COMMISSIONER BOYD: Mr. Chairman.

16 CHAIRMAN KEESE: Commissioner Boyd.

17 COMMISSIONER BOYD: Later this month the  
18 Air Resources Board is going to consider its staff  
19 proposal relative to controlling greenhouse gas  
20 emissions from motor vehicles, something that's  
21 been well documented and studied for quite some  
22 time.

23 The Transportation Committee asked staff  
24 to provide it a thorough briefing of what it is  
25 the ARB proposes. We heard that briefing. And

1       then we agreed to bring a recommendation forward  
2       to this Commission that we be authorized to  
3       present testimony in support at the ARB hearing, I  
4       believe on the 23rd of this month, in support of  
5       the staff recommendations.

6               In that we are, have been for many many  
7       years, more or less, the primary agency with  
8       regard to climate change and the control of  
9       greenhouse gas emissions; and have accumulated so  
10      much of the -- so many of the programs. And it  
11      led to California's good reputation. And in that  
12      this proposal intends to further reduce emissions  
13      of carbon dioxide, methane and nitrous oxide, both  
14      from engines and from the air conditioning system  
15      and the air conditioning system in general, and  
16      fuel use, and what-have-you, and proposes, what I  
17      think, an extremely fairly well drawn out,  
18      staggered approach to the industry.

19             I think it behooves us to support this  
20      because ultimately in 2020 it is projected to  
21      achieve a 17 percent reduction in greenhouse gas  
22      emissions. And by 2030, a 25 percent reduction in  
23      the overall baseline, not just from motor  
24      vehicles. I think that's a major contribution.

25             And so I bring that to the attention of

1 the Commission. And request approval of the  
2 Commission that we support such a proposal. And  
3 that we be allowed to say it was the -- it is  
4 supported by the California Energy Commission.

5 So I'd like to make a motion that we  
6 authorize said support. And I volunteer to be the  
7 Commissioner to testify to the Air Resources  
8 Board.

9 COMMISSIONER GEESMAN: I'd second that  
10 with strong encouragement.

11 (Pause.)

12 CHAIRMAN KEESE: I'll deal with that in  
13 a second.

14 COMMISSIONER BOYD: There was a motion  
15 and a second.

16 COMMISSIONER ROSENFELD: A strong  
17 second.

18 CHAIRMAN KEESE: A motion by Boyd and a  
19 strong second by --

20 COMMISSIONER BOYD: Geesman.

21 COMMISSIONER GEESMAN: -- Geesman. You  
22 know, I have no particular problem with this. I  
23 think it probably is very appropriate.

24 It seems to me these are issues that  
25 should be taken up by the Intergovernmental

1 Committee, which is our way of letting all five  
2 Commissioners know in advance.

3 COMMISSIONER BOYD: This so rarely  
4 happens I had no idea of the protocol.

5 CHAIRMAN KEESE: And I don't know what  
6 your timing is here.

7 COMMISSIONER GEESMAN: I think he said  
8 the 23rd.

9 COMMISSIONER BOYD: The 23rd of this  
10 month is the --

11 COMMISSIONER GEESMAN: You should  
12 refresh our memory as to who's on the  
13 Intergovernmental Committee.

14 CHAIRMAN KEESE: Well, it's Jackie and  
15 I. And we --

16 COMMISSIONER PFANNENSTIEL: As he  
17 doubles as the Leg Committee.

18 CHAIRMAN KEESE: It's the Leg and the  
19 Intergovernmental -- and what we --

20 COMMISSIONER GEESMAN: I think you're  
21 well chosen.

22 CHAIRMAN KEESE: The concept is that  
23 whenever we're going to send communications from  
24 this -- communications to other agencies that we  
25 get all the Advisers together, and can do it on

1 the spur of the moment. We have a 24-hour  
2 turnaround in this, so that something can be  
3 presented; all the Commission Offices know about  
4 it. And if there is any concern then it can be  
5 referred to a relevant Committee.

6 But, it's a way that any Commissioner  
7 can bring something individually that they'd like  
8 to see communicated either to Congress or  
9 wherever. Everybody gets to look at what the  
10 document is.

11 I'm willing to accept this one blindly,  
12 but not knowing what's in it, --

13 COMMISSIONER GEESMAN: Well, --

14 CHAIRMAN KEESE: -- take a vote here,  
15 but --

16 COMMISSIONER PFANNENSTIEL: Mr.  
17 Chairman, as part of the Intergovernmental  
18 Committee I did participate in the discussion of  
19 this at the Transportation Committee. And I  
20 strongly support our participation.

21 CHAIRMAN KEESE: Okay. We have a motion  
22 and second.

23 All in favor?

24 (Ayes.)

25 CHAIRMAN KEESE: Opposed? It's adopted



1 five to nothing.

2 At this point I have one thing to say,  
3 just so we don't get totally lost here. I'm going  
4 to Washington next week and won't be around. I  
5 will be here for the business meeting on the 22nd.  
6 And then I am going on vacation to Europe for  
7 three weeks and will miss a Committee meeting.  
8 And I come back immediately and go to the Western  
9 Interstate Energy Board in Vancouver and will miss  
10 the next meeting.

11 So, just for your schedules here, I'm  
12 out five of the next six weeks, and will miss two  
13 Commission meetings, one of which Commissioner  
14 Rosenfeld will also miss. So if anybody else here  
15 has plans for October 6th, we'll have to adjust  
16 that meeting.

17 But other than that --

18 COMMISSIONER GEESMAN: You'll be here  
19 for the November 3rd?

20 CHAIRMAN KEESE: I will be here for  
21 November 3rd, correct. And -- yes, I will.

22 Mr. Sarvey has called in -- on another  
23 point Mr. Sarvey has called in and wished to speak  
24 to item 3, Delta Energy Center, which we have  
25 dealt with.

1           If he's still on the line I would like  
2       to advance the public comment period, and let Mr.  
3       Sarvey comment to us under public comment.

4           Bob, are you there?

5           MR. SARVEY: Yes, I am.

6           CHAIRMAN KEESE: Sorry, but we dealt  
7       with that issue some time ago, Bob. You're  
8       welcome to make comment here.

9           MR. SARVEY: Okay, well, I tried to  
10      patch in at 10:01. Apparently we've had some  
11      difficulties, I understand that. But I'd just  
12      like to get my comments on this Delta, and it may  
13      also apply to the Los Medanos amendment.

14          CHAIRMAN KEESE: Okay.

15          MR. SARVEY: And I've spent considerable  
16      time looking at these two amendments, and actually  
17      met with staff a couple times. And I understand  
18      from my conversations with staff that these  
19      startup and shutdown exceedances that the Delta  
20      project is experiencing are common among many of  
21      the recently certified projects?

22          CHAIRMAN KEESE: They're common,  
23      evidently, to the turbines -- I guess the  
24      Committee is probably more aware of it. Would the  
25      Committee care to --

1 COMMISSIONER GEESMAN: Well, they're  
2 common to --

3 CHAIRMAN KEESE: Commissioner Geesman.

4 COMMISSIONER GEESMAN: -- to the  
5 turbines currently being installed in new plants  
6 in California. So this is an adjustment that  
7 we're finding more frequently required in our  
8 permits, and would expect to revisit the question  
9 in the future as other projects get to this stage  
10 in their construction.

11 CHAIRMAN KEESE: There were design  
12 criteria which were incorporated into the permit,  
13 and the design criteria are not being met exactly.  
14 So, there's an adjustment taking place.

15 MR. SARVEY: Well, I see the need for  
16 the amendments to the conditions on these  
17 projects, but I feel that the Delta Center is  
18 unique because it doesn't have a CO catalyst.

19 And in fact, the Commission decision on  
20 the Delta project states on page 124 that the  
21 Commission has typically required a CO catalyst in  
22 previous certification proceedings. In this case  
23 the evidence indicates the project will likely  
24 meet BACT for CO and VOC without using a CO  
25 catalyst. The FDOC does not require a CO

1 catalyst. However, condition AQ-30 provides the  
2 DEC will install such catalyst if project  
3 emissions exceed permitted levels.

4 Well, the Delta Energy Center has  
5 frequently exceeded its CO, VOC limits and its CO  
6 limits contained in the FDOC. And I believe that  
7 Delta should be required to install the CO  
8 catalyst. Unlike the AFC proceedings, no  
9 cumulative impact analysis of CO and NOx emissions  
10 are contained in staff's analysis.

11 And as you know, the Pittsburgh area is  
12 the home of many refineries and power plants. And  
13 since you've also approved an amendment to the Los  
14 Medanos project, I think the community of  
15 Pittsburgh would be better served by a more  
16 thorough analysis of combined CO and NOx impacts  
17 in this heavily industrialized area.

18 And I'm also skeptical that the Delta  
19 project can meet its daily CO limits of 13,200  
20 pounds per day when 9750 pounds will be emitted  
21 just in startup.

22 And another factor overlooked in staff's  
23 analysis is that Delta's last amendment altered  
24 condition 38, a Delta decision which removed CO  
25 emission limitations on Calpine's CCPP project of

1 113.3 tons per year that were designed to prevent  
2 local cumulative impacts.

3 The amendment states that the  
4 contemporaneous emission reductions at the CCPP  
5 were initially proposed to address concerns from  
6 staff and local residents. This is an issue.  
7 It's frustrating to participants in the siting  
8 cases and the impacted communities that the hard-  
9 earned mitigation measures are eliminated by an  
10 amendment process that provides no cumulative  
11 impact analysis, is less comprehensive than the  
12 AFC process.

13 So, I think that this is -- in the case  
14 of Delta, you should require the CO catalyst.  
15 Thank you.

16 CHAIRMAN KEESE: Thank you.  
17 Commissioner Geesman.

18 COMMISSIONER GEESMAN: I note in our  
19 backup materials for this item the August 31st  
20 memo from Terry O'Brien to Bob Therkelsen, which  
21 says that comments on the staff analysis were  
22 received from CARE. Staff held several  
23 discussions by phone and held a meeting at the  
24 Energy Commission with Bob Sarvey, representing  
25 CARE. CARE indicated that they were satisfied

1 with the level of review and the analysis  
2 published by CEC Staff.

3 Bob, is that an inaccurate summary?

4 MR. SARVEY: Yes, I would say that's  
5 inaccurate.

6 COMMISSIONER GEESMAN: I'm sorry to hear  
7 that, because we did attach some significance to  
8 that representation from the staff.

9 MR. SARVEY: Yeah. Well, I appreciate  
10 you hearing what I had to say, but I still feel  
11 that Delta should be required to install a CO  
12 catalyst --

13 CHAIRMAN KEESE: Thank you. Let me ask  
14 the Committee, on the issue of cumulative impact I  
15 would think that is not -- the answer to that is  
16 the emissions will stay within the total --

17 COMMISSIONER GEESMAN: That is correct,  
18 Mr. Chairman, and as you'll recall, Mr. Sarvey and  
19 the staff have an ongoing difference of opinion as  
20 to what a cumulative impact study is.

21 CHAIRMAN KEESE: Okay, on that one. On  
22 the other issue, I'd be happy -- I would request  
23 that staff give us a response through the  
24 Committee to the question that you've raised on  
25 the CO catalyst.

1           So, we will get a response and see that  
2   you are communicated to on that one, Bob.

3           MR. SARVEY: Thank you, Chairman Keese.

4           COMMISSIONER GEESMAN: And the Committee  
5   will report back to the Commission. Mr. Sarvey,  
6   we will make certain that you're aware of our  
7   report back to the full Commission before we make  
8   it.

9           MR. SARVEY: Thank you very much,  
10   Commissioner Geesman.

11          CHAIRMAN KEESE: Thank you. Is there  
12   any other comment under public comment at this  
13   time?

14          Then we will go to the Chief Counsel's  
15   report.

16          MR. CHAMBERLAIN: Yes, Mr. Chairman.  
17   Just before I came to the meeting I received a  
18   complaint from Mr. Sarvey, which I haven't had the  
19   opportunity yet to fully review. But it has to do  
20   with the Tesla project. And I will be working  
21   with you to process that under our complaint  
22   investigation regulations.

23          CHAIRMAN KEESE: Thank you. Executive  
24   Director's report.

25          MR. THERKELSEN: Good morning,

1 Commissioners. Two items. Last week we released  
2 an announcement to fill the position of Director  
3 of the Energy R&D Division. We have set that up  
4 in an effort to make sure that we've got a  
5 coordinated electricity and natural gas R&D  
6 program going on within the Commission; and  
7 someone that can oversee not only the PIER  
8 program, but all other energy R&D activities.

9 Associated with that we've also  
10 implemented some -- or are implementing, I should  
11 say, some organizational changes with the  
12 Commission, ones that I talked to you about a  
13 couple of weeks ago. Those are in process to be  
14 effective October the 1st. So that is moving  
15 forward.

16 The second item that I have is several  
17 weeks ago we were visited by the Energy Minister  
18 of Morocco. He came expressly to find out more  
19 about California's renewables programs. He also  
20 was very curious about the Energy Commission, its  
21 organization structure and how it functioned.

22 At the end of our discussions, as with  
23 many foreign visitors, he gave me a little token  
24 of his visit and appreciation. And what it is is  
25 it's a Moroccan art piece. And it actually



1 represents the five Commissioners dressed in  
2 traditional Moroccan garb, and participating in  
3 the Moroccan celebration, a feast they hold every  
4 year where individuals ride around on horseback  
5 shooting rifles into the air.

6           Anyway, your names are engraved under  
7 the appropriate Commissioner position. We will  
8 put this in a display case there in the atrium for  
9 everybody to look at.

10           So, anyway, he wanted to say thank you.

11           COMMISSIONER GEESMAN: It didn't come  
12 with a horse or a rifle, I take it?

13           COMMISSIONER ROSENFELD: It's  
14 unrepresentative; one should be a woman.

15           COMMISSIONER PFANNENSTIEL: I was going  
16 to ask.

17           MR. THERKELSEN: You can't tell from the  
18 headdress who -- we won't go any further into this  
19 subject.

20           CHAIRMAN KEESE: Thank you. Legislative  
21 Director's report. I will just report that we had  
22 a report on all the enrolled bills, 28, I believe,  
23 that we have commented on this year that are in  
24 the Governor's Office. Most of which will be  
25 signed by the -- well, all of which will be dealt

1 with by the statutory deadline of September 30th.

2 The one thing I would indicate is that  
3 you all, in your roles as Commissioners, and in  
4 your roles as Committees, received a request two  
5 or three weeks ago to come up with concepts for  
6 legislation for next year.

7 The format for this Administration's  
8 handling of such requests has not yet been  
9 defined. But since the timeclock is running  
10 already, the Committee is suggesting that the  
11 appropriate Committees attempt to get their ideas  
12 to Cece by next meeting, which is two weeks from  
13 today.

14 That certainly won't preclude anything  
15 coming later, but if you have concepts please get  
16 them in as concepts. We will deal with the format  
17 later. We're not going to wait to find out what  
18 the format is to come up with the ideas. We need  
19 the ideas at this time. So we're just making all  
20 the Commissioners aware.

21 Jackie, do you want to add anything to  
22 that?

23 COMMISSIONER PFANNENSTIEL: Just that we  
24 understand that it's early days, but if we got a  
25 chance to start looking at it, as the Leg

1 Committee, with all of the Advisers' input, i  
2 think we can get maybe a little ahead of the game  
3 rather than waiting until the format information  
4 comes out.

5 CHAIRMAN KEESE: And we can start  
6 working with the Agency on what we think is  
7 significant.

8 Public Adviser's report. Seeing  
9 none, --

10 MR. BARTSCH: Nick Bartsch representing  
11 Margret Kim. Nothing to report.

12 CHAIRMAN KEESE: No report. Thank you.  
13 One final note that we will see you again here at  
14 1:30 where we will be joined by the Public  
15 Utilities Commission Members. I understand three  
16 will be joining us. And the Power Authority in  
17 their last official participation in our joint  
18 group.

19 So we will all be here from 1:30. We  
20 have a very thorough agenda. Our goal turns out  
21 to be to cover most of the items and issues that  
22 we've been dealing with as a tripartite entity.  
23 We've extended the time from the closing deadline  
24 from 3:30 till 5:00 p.m. We're hoping we can  
25 accomplish it during that period of time. So, I'd

1 appreciate everybody's cooperation in trying to  
2 see that we can expedite that meeting.

3 This meeting is adjourned.

4 (Whereupon, at 10:42 a.m., the business  
5 meeting was adjourned.)

6 --o0o--

## CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,  
do hereby certify that I am a disinterested person  
herein; that I recorded the foregoing California  
Energy Commission Business Meeting; that it was  
thereafter transcribed into typewriting.

I further certify that I am not of  
counsel or attorney for any of the parties to said  
meeting, nor in any way interested in outcome of  
said meeting.

IN WITNESS WHEREOF, I have hereunto set  
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